II. Claims 1-13, 19 and 20 drawn to a method of making a flaky isotrophic SmFeN magnetic material by melt spinning the melt of the alloy, annealing the alloy powder and nitriding the annealed alloy powder.

Applicants hereby elect the group I invention, including claims 1-8 and 14-18, for an examination on the merits without traverse.

The foregoing is believed to be a complete and proper response to the Official action mailed June 28, 2002. In the event there are any questions in connection with this application, it is respectfully requested that the undersigned be telephoned at the below listed number to resolve any outstanding issues.

In the event that this paper is not timely filed, applicant hereby petitions for an appropriate extension of time. The fee therefore, as well as any other fees which may become due, may be charged to our Deposit Account No. 22-0256.

Respectfully submitted, VARNDELL & VARNDELL, PLLC

(formerly Varndell Legal Group)

R. Eugene Varndell, Jr.

Registration No. 29,728

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